



## MKS PAMP GROUP

### Daily Asia Wrap

2<sup>nd</sup> November 2017

Range Asian Hours  
(from Globex open)

	<b>GOLD</b>	<b>SILVER</b>	<b>PLATINUM</b>	<b>PALLADIUM</b>
<b>OPEN</b>	1274.90/10	17.13/15	933/35	1003/05
<b>HIGH</b>	1281.15/35	17.21/23	935/37	1006/08
<b>LOW</b>	1274.90/10	17.11/13	931/33	1001/03
<b>LAST</b>	1279.00/20	17.13/15	932/34	1001/03

#### MARKETS/MACRO

The FOMC held the federal funds target rate range at 1.00 - 1.25 percent on Wednesday in line with market expectation. Sifting through the statement, the main change in language relates to the committee's view on growth, upgrading from "rising moderately" previously to be now "a solid rate". It was noted that growth continued despite recent storm activity, while September's soft payroll print was attributed to the storms. The committee's assessment of core inflation noted that it "remained soft", while descriptions of inflation expectations and inflation outlook remained unchanged. The language indicates that a December interest rate increase is still highly likely, however as always data dependant in the lead up. Jerome Powell is expected to be formally nominated by President Trump as the next chair of the Federal Reserve today. Mr Powell has been serving as the Fed Governor since 2012 and is generally viewed as a centrist on monetary policy and preferred by President Trump over more hawkish candidates such as John Taylor. An announcement is expected by the White House at 3pm Eastern time (New York) today. Private payrolls in the U.S. rebounded during October to see 235k jobs added (exp: 200k) from a downwardly revised 110k previously. The print was the largest monthly gain since May and was led by 150k jobs created within the services sector, while the goods producing sector saw 85k jobs added. The ISM's purchasing managers index eased to 58.7 (exp: 59.5) during October to follow September's 13-year high of 60.8. Inventories sunk 4.5 points to weigh upon the headline figure, while supplier deliveries declined 3 points and new orders eased 1.2 points. October's final Markit US manufacturing PMI saw a modest upwards revision to 54.6 (exp: 54.5) from an earlier estimate of 54.5. Equities in the U.S. kicked off November in a generally positive fashion, as the FOMC painted a rosy picture of the economy, however voted to keep rates on hold. The DJIA tacked on +0.25% to end at 23,435.01 points, hitting an intra-day record of 23,517.71 points in the process. The S&P 500 also printed an intra-day record before ending +0.16% higher at 2,579.36 points. The Nasdaq lagged on biotechnology weakness, closing -0.17% lower at 6,716.533 points. Markets in Europe posted their highest close in more than two years on Wednesday, buoyed by positive Chinese manufacturing data sending resource related stocks higher. The Stoxx Europe 600 ended trade +0.39% higher at 396.77 points, marking the highest close since August 2015, while the German Dax surged +1.78% to book an all-time record close



as strong U.S. auto sales data underpinned a bid auto sector. In the U.K. the FTSE 100 ended trade -0.07% lower after opening in positive territory, weighed down by a stronger pound following a positive IHS Markit/CIPS manufacturing PMI of 56.3 (exp: 55.9).

## **PRECIOUS**

Wednesday's positive price action continued into Thursday's Asian session, with bullion trading well bid throughout early session pricing. A softer greenback underpinned early flows, weighed down by headlines that President Trump will nominate Jerome Powell as the next Federal Reserve chair. Tokyo bought the metal right from the TOCOM open, while demand out of China was once again evident, keeping the on-shore premium buoyant around USD \$8 - \$10. Currency markets in China have been interesting over the past 24 hours, with USD/CNH falling from a 6.6407 high on Wednesday to trade to a 6.5861 low within the first hour of Shanghai trade today. It's difficult to pinpoint a reason for the large move, however some analysts are suggesting it may be funding related into year-end or possibly exporters offering the dollar. Looking forward, we await the official announcement that Powell has been selected as Fed chair, with focus on any commentary from Powell as well as a potential vice-chair nomination. Bullion is finding it difficult to make a consolidated break through USD \$1,280 currently and we look to this level as a directional pivot point over the near-term. Initial support sits at the recent low prints around USD \$1,268, however key levels can be found below this at the 200 DMA (USD \$1,261.50) and the psychological USD \$1,250 level. On the topside as mentioned, resistance comes in broadly between USD \$1,280 - \$1,285 and a move through this level is likely to see a bullish momentum move toward USD \$1,300, with extension as far as USD \$1,335. Silver was able to consolidate Wednesday's +2.4% gain during Asian trade today, however lacked the support for a break above the New York high print as offers around USD \$17.20 kept the price action in check. With regards to the white metals, palladium reversed early session strength into European hours and will look to hold the USD \$1,000 handle to consolidate recent gains. Data releases today include Markit manufacturing PMI prints from Germany, France and the Eurozone, German employment data, U.K. Markit construction PMI and the BOE rates decision (0.25% increase expected). In the U.S. we see Initial jobless claims, non-farm productivity and Bloomberg consumer confidence. We also look for details regarding the Republican's tax reform package.

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